

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

OCTOBER 1, 2012

#### AGENDA

**PLACE:** Ventura County Employees' Retirement Association  
Second Floor Boardroom  
1190 South Victoria Avenue  
Ventura, CA 93003

**TIME:** 9:00 a.m.

**ITEM:**

- |      |   |                 |
|------|---|-----------------|
| I.   | <b><u>INTRODUCTION OF MEETING</u></b>   | Master Page No. |
| II.  | <b><u>APPROVAL OF AGENDA</u></b>  | 1 - 4           |
| III. | <b><u>APPROVAL OF MINUTES</u></b>   |                 |
|      | A. Disability Meeting of September 10, 2012.  | 5 - 10          |
|      | B. Business Meeting of September 17, 2012.  | 11 - 17         |
| IV.  | <b><u>PENDING DISABILITY APPLICATION STATUS REPORT</u></b>  | 18 - 60         |
| V.   | <b><u>APPLICATIONS FOR DISABILITY RETIREMENT</u></b>  |                 |
|      | A. Application for Service Connected Disability Retirement;<br>Alfred Bustillos, Case No. 10-004. | 61 - 246        |
|      | 1. Application for Service Connected Disability<br>Retirement and Supporting Documentation.       |                 |
|      | 2. Hearing Notice.  |                 |

**V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

- B. Application for Non-Service Connected Disability Retirement; Kathryn L. Martinez, Case No. 12-005. 247 - 280
1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
  2. Hearing Notice.
- C. Application for Service Connected Disability Retirement; Lee M. Bowman, Case No. 10-020. 281 - 300
1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Irene P. Ayala, dated June 11, 2102.
  2. Respondent's Reply to Recommendation of Hearing Officer, Submitted by Stephen D. Roberson, Attorney at Law, dated June 12, 2102.
  3. Hearing Notice.
- D. Application for Service Connected Disability Retirement; David A. Dickens, Case No. 11-022. 301 - 313
1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Louis M. Zigman, dated August 28, 2102.
  2. Respondent's Reply to Recommendation of Hearing Officer, Submitted by B. Derek Straatsma, Attorney at Law, dated September 7, 2102.
  3. Hearing Notice.
- E. Application for Service Connected Disability Retirement; Thomas Guerrero, Case No. 10-034. 314 - 366
1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Michael Prihar, dated July 15, 2102.

**V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

E. Application for Service Connected Disability Retirement;  
Thomas Guerrero, Case No. 10-034. (continued)

2. Respondent's Reply to Recommendation of  
Hearing Officer, Submitted by Stephen D.  
Roberson, Attorney at Law, dated July 18, 2102.

3. Applicant's Objection to Recommendation of  
Hearing Officer, Submitted by Anthony R.  
Strauss, Attorney at Law, dated August 3, 2012.

4. Hearing Notice.

F. Application for Non-Service Connected Disability Retirement; Evelia M. Ortega, Case No. 11-001. 367 - 382

1. Summary of Evidence, Findings of Fact,  
Conclusions of Law and Recommendation,  
Submitted by Hearing Officer Deborah Z. Wissley,  
dated August 20, 2102.

2. Hearing Notice.

G. Application for Non-Service and Service Connected Disability Retirement; Jennifer M. Storm-Duffner, Case No. 09-017. 383 - 405

1. Summary of Evidence, Findings of Fact,  
Conclusions of Law and Recommendation,  
Submitted by Hearing Officer Debora Z. Wissley,  
dated August 21, 2102.

2. Respondent's Reply to Recommendation of  
Hearing Officer, Submitted by B. Derek  
Straatsma, Attorney at Law, dated August 31,  
2102.

3. Applicant's Objection to Recommendation of  
Hearing Officer, Submitted by Scott C. Duffner,  
Applicant's Spouse, dated September 4, 2012.

4. Hearing Notice.

**VI.     NEW BUSINESS**

- |  |           |
|--|-----------|
| A.   Public Employees' Pension Reform Act of 2013. | 406 - 408 |
| B.   PAS Project Space Needs and Proposal.         | 409 - 415 |

**VII.    PUBLIC COMMENT**

**VIII.   BOARD MEMBER COMMENT**

**IX.     ADJOURNMENT**

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **DISABILITY MEETING**

**SEPTEMBER 10, 2012**

### **MINUTES**

**DIRECTORS**  
**PRESENT:**

William W. Wilson, Chair, Public Member  
Tracy Towner, Vice Chair, Safety Employee Member  
Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, Public Member  
Joseph Henderson, Public Member  
Robert Hansen, General Employee Member  
Tom Johnston, General Employee Member  
Arthur E. Goulet, Retiree Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS**  
**ABSENT:**

None.

**STAFF**  
**PRESENT:**

Donald C. Kendig, Retirement Administrator  
Lori Nemiroff, Assistant County Counsel  
Angie Tolentino, Retirement Specialist  
Chantell Garcia, Program Assistant

**PLACE:**

Ventura County Employees' Retirement Association  
Second Floor Boardroom  
1190 South Victoria Avenue  
Ventura, CA 93003

**TIME:**

9:00 a.m.

**ITEM:**

**I. INTRODUCTION OF MEETING**

Chairman Wilson called the Disability Meeting of September 10, 2012, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Mr. Mr. Hansen moved, seconded by Mr. Foy to approve the agenda as presented.

Motion passed unanimously.

**III. APPROVAL OF MINUTES**

**A. Business Meeting of July 16, 2012.**

Staff proposed the following correction submitted by Hewitt Ennisknupp:

Page 4, Item V. C. Investment Information, changing the spelling of "Shay Hung" to "Chae Hong".

Mr. Goulet proposed the following correction:

Page 6, Item VI. E., second paragraph adding "his attendance at" after "that".

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the minutes of July 16, 2012 as corrected.

Motion passed unanimously.

**IV. PENDING DISABILITY APPLICATION STATUS REPORT**

MOTION: Mr. Harris moved, seconded by Mr. Goulet to receive and file the pending disability application status report.

Motion passed unanimously.

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

**A. Application for Non-Service Connected Disability Retirement; David H. Hallbauer, Case No. 10-026.**

1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.

2. Hearing Notice.

Paul C. Hilbun was present representing the County of Ventura, Risk Management. The applicant, David H. Hallbauer, was not present.

**V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

- A. Application for Non-Service Connected Disability Retirement; David H. Hallbauer, Case No. 10-026. (continued)

MOTION: Mr. Harris moved, seconded by Mr. Hansen, to grant the applicant, David H. Hallbauer, a non-service connected disability retirement.

Motion passed unanimously.

Risk Management agreed to waive preparation of Findings of Fact and Conclusions of Law.

County Counsel instructed Angie Tolentino, Retirement Specialist, to seek the same waiver from the client as well.

**VI. OLD BUSINESS**

- A. Ventura County Employees' Retirement Information System (VCERIS) Project Update: Data Conversion.

1. MBS Master Services Agreement.
2. MBS Statement of Work.
3. CMP & Associates, Inc. Contract Amendment.

Brian Colker, from Linea Solutions, Inc., and Rich Mainwaring, VP Application Services and Al Gates, Principal, from MBS were present.

MOTION: Mr. Goulet moved, seconded by Judge Hintz, to approve the Master Services Agreement and Statement of Work for MBS.

Motion passed unanimously.

MOTION: Mr. Goulet moved, seconded by Mr. Foy, to continue the CMP and Associates, Inc. item approving a contract amendment for CMP and Associates, Inc. for 50 hours to provide in-depth knowledge of legacy system data to MBS during the initial data conversion meetings and to have staff, Linea, and MBS report back to the Board at the October Business meeting on the results.

Motion passed unanimously.

**VI. OLD BUSINESS (continued)**

- A. Ventura County Employees' Retirement Information System (VCERIS) Project Update: Data Conversion. (continued)

The Board directed staff to work with Ventura County Information Technology Services to have a County programmer shadow CMP and Associates, Inc. activities, learning and documenting the system processes in order to serve as a back-up to CMP and Associates, Inc.

- B. Retirement Administrator Performance Evaluation Policy.

1. Proposed Policy.

MOTION: Judge Hintz moved, seconded by Mr. T. Johnston, to approve the proposed Retirement Administrator Performance Evaluation Policy.

Motion passed unanimously.

**VII. NEW BUSINESS**

- A. RREEF America III Proxy and Proposed Proxy Voting Plan.

1. RREEF America REIT III, Inc. Proxy Card.

MOTION: Judge Hintz moved, seconded by Mr. Harris, to delegate the voting responsibility to the Retirement Administrator for proxies that VCERA receives and to report to the Board annually along with the investment managers.

Motion passed unanimously.

- B. Request for Reinstatement to Active Membership; Louis Berry.

MOTION: Mr. Hansen moved, seconded by Mr. Henderson, to approve the application of Louis Berry for reinstatement to active membership pursuant to Government Code Sections 31680.4 and 31680.5.

Motion passed unanimously.

The Board directed staff to report back what a Deputy Sheriff (AC) is, why the Medical Evaluation lists Deputy Sheriff Trainee, and for what position Mr. Berry has a conditional job offer.

**VII. NEW BUSINESS (continued)**

C. Consideration of New Disability Referees (Hearing Officers).

1. Referee Services Agreement.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to authorize the Retirement Administrator to execute the provided Referee Services Agreement with John L. Rosenthal.

Motion passed unanimously.

D. SACRS Fall 2012 Conference Items.

The Chair appointed Will Hoag as Voting Delegate and Art Goulet as Alternate Voting Delegate for the SACRS Fall 2012 Conference.

E. Senate Bill 1382.

MOTION: Mr. Goulet moved, seconded by Mr. Henderson, to receive and file the Senate Bill 1382 staff report.

Motion passed unanimously.

**VIII. PUBLIC COMMENT**

Mr. Kendig informed the Board that a SACRS Fall 2012 Conference registration form and a brief memo along with an Investment Retreat meal selection form were in their maroon folders.

Mr. Kendig gave an update on the PIMCO funding indicating delays appear due to what seem to be new State Street staff learning along with VCERA's CFO and Retirement Administrator, and long feedback loops for document review and final acceptance. Mr. Kendig was confident that PIMCO would be funded by the end of the month and that Brazil was the only major Country preventing funding.

IX. **BOARD MEMBER COMMENT**

Mr. C. Johnston asked staff to investigate the reported sunset on the Securities Lending indemnity communicated at the last VCERA Investment Retreat and to bring the item back to the Board if it necessitates action before the planned Securities Lending Educational Presentation in 2013.

Mr. Henderson requested that the matter of pension data disclosure be brought back to the Board at the October Business meeting.

Mr. Goulet reported that he will be unable to attend the Investment Trends Summit presented by the Opal Financial Group, September 12-14, 2012.

X. **CLOSED SESSION**

The Chair announced that there would be no announcements following closed session and the Board would adjourn in closed session.

Pursuant to the Provisions of Government Code 54957; to discuss the Evaluation of a Public Employee, Retirement Administrator, the Board met in closed session at 10:49 a.m.

XI. **ADJOURNMENT**

The Board adjourned in closed session.

Respectfully submitted,



DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**SEPTEMBER 17, 2012**

### **MINUTES**

**DIRECTORS  
PRESENT:**

William W. Wilson, Chair, Public Member  
Tracy Towner, Vice Chair, Safety Employee Member  
Steven Hintz, Treasurer-Tax Collector  
Albert G. Harris, Public Member  
Robert Hansen, General Employee Member  
Tom Johnston, General Employee Member  
Arthur E. Goulet, Retiree Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS  
ABSENT:**

Peter C. Foy, Public Member  
Joseph Henderson, Public Member

**STAFF  
PRESENT:**

Donald C. Kendig, Retirement Administrator  
Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Chantell Garcia, Program Assistant

**PLACE:**

Ventura County Employees' Retirement Association  
Second Floor Boardroom  
1190 South Victoria Avenue  
Ventura, CA 93003

**TIME:**

9:00 a.m.

**ITEM:**

**I. INTRODUCTION OF MEETING**

Chairman Wilson called the Business Meeting of September 17, 2012, to order at 9:02 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to approve the agenda.

Motion passed unanimously. Mr. Henderson and Mr. Foy absent.

**III. CONSENT AGENDA**

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR.

- A. Regular and Deferred Retirements and Survivors Continuances for the Months of July and August 2012.
- B. Report of Checks Disbursed in July and August 2012.
- C. Asset Allocation as of July and August 2012.
- D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Investments & Cash Equivalents, and Schedule of Investment Management Fees for the Month Ended June 30, 2012.
- E. Budget Summary – Year to Date as of June 2012, Fiscal-Year 2011-12.
- F. Budget Summary – Year to Date as of July 2012, Fiscal-Year 2012-13.
- G. BlackRock Asset Management Report for the U.S. Equity Market Fund, Extended Equity Market Fund, ACWI EX-US Fund, U.S. Debt Index Fund for the Months Ended July 31, 2012 and August 31, 2012.

Staff proposed the following correction to page 3 of the Consent Agenda, changing the date of membership for Lori A. Karns, from 07/07/2012 to 11/15/1987.

MOTION: Mr. Harris moved, seconded by Mr. T. Johnston, to approve the Consent Agenda as corrected.

Motion passed unanimously. Mr. Henderson and Mr. Foy absent.

**END OF CONSENT AGENDA**

**IV. INVESTMENT INFORMATION**

A. Loomis Sayles Investment Presentation, Stephanie Lord, CFA, CIC.

Stephanie Lord was present on behalf of Loomis Sayles to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

B. PIMCO Investment Presentation, David Blair, CFA.

David Blair, Olivia Albrecht and Todd Staley were present on behalf of PIMCO to review the firm's organization, investment status for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

C. Hewitt Ennisknupp, Russ Charvonja, ChFC, CFP, Esq., Kevin Vandolder, CFA and Kevin Chen.

1. Second Quarter 2012 Performance Report.

MOTION: Judge Hintz moved, seconded by Mr. Harris, to receive and file the Second Quarter 2012 Performance Report.

Motion passed unanimously. Mr. Henderson and Mr. Foy absent.

2. Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watch List, July 2012.

- a. Sprucegrove
- b. Hexavest
- c. Walter Scott
- d. GMO
- e. Western
- f. Reams
- g. Loomis Sayles

IV. INVESTMENT INFORMATION (continued)

C. Hewitt Ennisknupp (continued)

3. Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watch List, August 2012.
  - a. Sprucegrove
  - b. Hexavest
  - c. Walter Scott
  - d. GMO
  - e. Western
  - f. Reams
  - g. Loomis Sayles

Mr. Hansen left the meeting at 10:19 a.m.

The Board reminded Hewitt Ennisknupp that a column showing fiscal year to date performance needed to be included in the tables for the monthly and quarterly reports.

MOTION: Mr. Harris moved, seconded by Mr. Towner, to receive and file the July 2012 and August 2012 Monthly Investment Manager reports.

Motion passed unanimously. Mr. Henderson and Mr. Foy absent. Mr. Hansen absent for this item.

4. Highlights and Research, September 2012.

- a. Update on Fixed Income Market Environment
- b. Investment Managers Transition Update
- c. HEK Client Conference 11/6/12
- d. EuroZone Crisis – The Draghi Plan
- e. Medium Term Views
- f. Capital Market Assumptions

5. Memo: Rob Arnott Interview Paper.

V. OLD BUSINESS

- A. Report: Hexavest Onsite Due Diligence – August 6, 2012.
- B. Report: Sprucegrove Onsite Due Diligence – August 7, 2012.

**V. OLD BUSINESS (continued)**

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to receive and file the September 2012 Highlights and Research report, Rob Arnott Interview paper, Hexavest Onsite Due Diligence report, and Sprucegrove Onsite Due Diligence report.

Motion passed unanimously. Mr. Henderson and Mr. Foy absent. Mr. Hansen absent for this item.

**VI. NEW BUSINESS**

**A. Fiduciary Liability Insurance Review, Authorization, and Presentation, Rennetta Poncy, Alliant Insurance Services.**

1. Fiduciary Liability Insurance Presentation.

2. Confirmation of Coverage.

Rennetta Poncy, Alliant Insurance Services, provided a presentation on VCERA's Fiduciary Liability Insurance.

Chuck Pode, Deputy Executive Officer/Risk Manager, County of Ventura was also present.

MOTION: Judge Hintz moved, seconded by Mr. T. Johnston, to authorize the Risk Manager and Retirement Administrator to adjust future fiduciary coverage provisions, upon mutual agreement.

Motion passed unanimously. Mr. Henderson and Mr. Foy absent. Mr. Hansen absent for this item.

Mr. T. Johnston left the meeting at 11:15 a.m.

**B. Request to Attend the SACRS Workshop on the Implementation of the California Public Employees' Pension Reform Act of 2013.**

Mr. Goulet corrected the staff report indicating it was the CRCEA, and not the REAVC, that would be sharing the cost of his trip.

Staff reported that the request to attend the one day SACRS workshop did not require Board action.

**NO ACTION TAKEN**

**VI. NEW BUSINESS (continued)**

**C. Retirement Administrator Salary.**

MOTION: Judge Hintz moved, seconded by Mr. C. Johnston, to authorize a 3.0% salary merit increase for the Retirement Administrator.

Motion passed. Mr. Towner voting no. Mr. Henderson and Mr. Foy absent. Mr. Hansen and Mr. T. Johnston absent for this item.

**VII. PUBLIC COMMENT**

Mr. Kendig announced that he had forgotten to report at the last meeting that substantial progress has been made eliminating the back log of buyback and retirement estimate requests and that statistics will be presented in the next quarterly Retirement Administrator report along with a request for direction to write the Ventura County Deputy Sheriff's Association (VCDSA) a letter with the news.

Mr. Kendig reported that Brazil accepted the custodial documents and that it will be open within the next 72 hours and that the trade will take approximately five additional days to execute.

Mr. Kendig announced that next month the meeting packets will be 100% paperless, with PDF packets having master page numbering and that there will be an attempt to project the meeting packet material on the wall.

**VIII. BOARD MEMBER COMMENT**

Mr. Wilson announced that he will be missing the October 4, 2012 Investment Retreat.

IX. ADJOURNMENT

The Meeting adjourned at 11:33 a.m.

Respectfully submitted,



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DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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October 1, 2012

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

## **SUBJECT: PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 (PEPRA)**

Dear Board Members:

### **Objective**

To provide the first of a number of discussion opportunities and an update on implementation efforts, to receive reports from Board Counsel Lori Nemiroff and Trustee Art Goulet from the SACRS Workshop, and to gather Board comments and concerns.

### **Recommendation**

Staff recommends receiving and filing this letter.

### **Background**

News of pension reform legislation appeared in the local newspaper, on August 28, 2012, just two days before its birth from the Pension Reform Conference Committee as Assembly Bill (AB) 340 on August 30<sup>th</sup>, the day before the end of the legislative session. During the last day of the legislative session a companion bill, AB 197, was drafted cleaning up some of the provisions of the initial bill. Having until September 30<sup>th</sup>, the Governor signed the bills into law on September 12, 2012.

A flurry of questions arose as to who is affected and how, and numerous organizations have conducted, and circulated, legal analysis. At present, Retirement Systems have been advised to refrain from issuing specific legal opinions or positions on the legislation to the press, public, or membership, without clear disclaimers, as any missteps in the initial interpretations could subject a System to liability or legal challenge.

On September 6, 2012, the State Association of County Retirement Systems (SACRS) announced a one day workshop in Sacramento on September 24<sup>th</sup> to have in-depth discussions on the implementation of the numerous changes AB 340 and 197 bring.

### **Implementation Efforts**

On September 24, 2012, Ms. Nemiroff and Mr. Goulet attended the one day SACRS workshop, sponsored by SACRS in order to gain a more thorough understanding of the numerous law provisions and to formulate more unified interpretation and response by all systems operating under the County Employees Retirement Law (CERL) and now PEPRA. I look forward to their oral reports at today's meeting and Lori's participation in the implementation efforts by VCERA and the sponsors (County, Courts, Air Pollution Control District, and Regional Sanitation District).

On September 18, 2012, I held a meeting of Staff (Henry Solis and I), Board Counsel (Lori Nemiroff), County CEO Staff (Paul Derse) and our Actuaries (Paul Angelo and John Monroe) to brainstorm initial implementation issues and to discuss roles and responsibilities.

Our initial review revealed the need for four new plans to mirror the existing plans available to current employees, except with the new PEPRA formulas. The General Tier I Plan will need a PEPRA plan as it is currently available to Deputy Sheriff Trainees, the Safety Plan will need a PEPRA plan, as will both General Tier II Plans, one with a COLA and one without. We spoke with the Actuary on new employer and employee rates and the one aspect we have an initial agreement on is that the rates will be based on the PEPRA caps, such that once an employee's pensionable earnings reach the cap for the pension benefit amount, contributions will cease. This will result in a higher percentage relative to pay, but only on the capitated amount of salaries, much like Social Security.

Segal has been tasked with completing a "New Tier (Plan)" study for the new plans with a deadline of the December 17<sup>th</sup> Board meeting. Our initial assessment is that the settlement agreement does not require that we give the unions a 30 day notice prior to the adoption of this type of report; however, if it is found to be applicable, Staff will request a waiver and anticipates the cooperation of the unions.

A significant amount of programming for the Auditor-Controller and VCERA will be required to accommodate the new plans, with possibly eight new rates, and the new pensionable earnings limitations, as well as being able to report compensation when earned regardless of when paid, and all before January 1, 2013. Staff will also be meeting with non-county payroll sponsors to assess their needs, fortunately on a much smaller scale. Programming RDBS for VCERA will likely take any and all of Viorica Lawson's remaining 530 hours and how this might affect the Pension Administration System (PAS) upgrade project, if at all, will be reported at the next, or future PAS status reports.

Given that this is outside of normal employee negotiations and MOU development, there will likely be an affirmation by the Board of Supervisors to formally acknowledge the existence of the new plans/tiers and their applicability.

Sponsors will then be responsible for negotiating contribution sharing per PEPRA and any other unintended consequences of the new legislation.

In conclusion, the County CEO, Auditor Controller, County Counsel and VCERA are forming a PEPRA Implementation Committee to work together towards successful implementation and will be meeting very soon to get started.

Staff would be happy to answer any questions you may have and field any comments, concerns, discussion, or direction during the meeting.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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October 1, 2012

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

## **SUBJECT: PAS PROJECT SPACE NEEDS AND PROPOSAL**

Dear Board Members:

### **Objective**

To address the temporary need of an increased number of spaces for simultaneous project meetings, while allowing meeting spaces to also be available for ongoing VCERA business.

### **Recommendation**

Staff recommends the execution of the attached Fourth Amendment of Lease (Attachment 1) between M. F. Daily Corporation and the Ventura County Employees' Retirement Association, and the approval of a budget amendment taking \$19,000 from contingency for rent, equipment, and furniture.

### **Background**

During the Fiscal Year 2012-13 budget adoption hearing, the Board and Staff discussed space needs for the Pension Administration System (PAS) project team and the proposed budget increase to fund the leasing of additional office space on a limited term basis. The item was removed from the budget for further study by staff.

At the time the PAS project commenced in March 2012, there were 5 on-site Vitech resources, in addition to 2-3 resources from Linea Solutions. During the Launch Phase of the project, a detailed project plan was created, while data conversion needs were assessed to determine the method of data conversion. During this same period, the number of staffing resources necessary to successfully convert data from RDBS to V-3 was also being determined. At the September 10, 2012, Board Meeting, the Board awarded the data conversion contract to Managed Business Solutions, LLC (MBS) to perform data conversion services on behalf of VCERA, and as a result, the project team

has expanded to include 2-4 additional resources for MBS and one external data mapping expert.

In summary, in addition to the 5 Vitech on-site resources, there may be up to three additional Vitech resources at any given time (totaling 8), Linea will have 2-3, and MBS, will have 2-4. Currently, VCERA has 2 dedicated staff resources for rollout #1, and will be dedicating 2 additional staff resources for rollout #2 (totaling 4). In addition to these 11-17 static project resources, resources could fluctuate up to a foreseeable maximum number of 20 resources at one time during testing and go live.

### **Options**

1. **Utilize VCERA Board Room for project work stations:** There will be multiple simultaneous activities such as:
  - a. Data Conversion Meetings
  - b. Multiple Sprint Sessions/System Design Sessions
  - c. Testing (Regression, Validation, Functionality, and User Acceptance)
  - d. Conference Calls
  - e. Data Cleansing Efforts

Partitions within the Board room were discussed to accommodate potentially 3 separate meeting areas. A single operable wall system was estimated at a cost of \$15,500.00, and an additional wall would also be required to convert the room into 3 separate sections at an additional cost. This option still requires the assembling and disassembling all of this every two weeks for BOR meetings, and would be a significant loss of productivity for these resources.

Each project resource uses notebooks, binders, folders, wall charts, in addition to office supplies. This is in addition to the laptops, printers, cables, and power strips. It would be very difficult assembling and disassembling all of this every two weeks for BOR meetings. Additionally, it is difficult to conduct separate project activities within one room.

2. **Reconfiguration of VCERA Operations area:** A reconfiguration of the area within Operations was completed by Tri County Office Furniture (Attachments 2 & 3). This plan was reviewed by Subic and Associates for code compliance due to the narrower walkway dimensions, and it was determined that the plan would not conform to California Building Code. The attached plan would have potentially yielded 4 additional work spaces. Two of these additional spaces would have been filled with VCERA staff once the recruitments were filled (within the next 30 days). Tri County estimated this reconfiguration to be approximately \$27,600.00. In addition to this amount, the cost of rewiring and adding new phones to the area would have been approximately \$4,377.62, and another \$1,500.00 for necessary electrical work. This is an approximate total of \$33,477.62. Additionally, there would also have been a \$7,302.00 loss in sunk

costs, relating to furniture purchased in the recent office remodel that would no longer be required.

Not only is this a costly option, but it does not address the project's immediate needs of acquiring additional meeting areas; however, it does provide two additional work stations for project resources.

- 3. Secure additional office space within facility:** M.F. Daily Corporation was contacted to determine whether or not vacant office space existed within this facility. We discovered that 2 vacant offices were available and proceeded to tour each of them to determine if they would address our objective. Suite 106 appeared to meet the needs of Vitech, Linea, and VCERA resources. The suite is 972 rentable square feet, which would serve as work spaces for project resources and yield 4 separate meeting areas. The Retirement Administrator negotiated a rate of \$1.60, full service gross, per rentable square foot, for a monthly rate of \$1,555.20, or \$18,662.40 annually. The initial lease term would be for three years, with two optional one-year extensions, depending on the progress of the project.

The Fiscal Year 2012-13 cost would be \$13,996.80 for nine (9) months. Staff would accept the unit as is and would acquire surplus office furniture and a movable partition, and install minimal network equipment and other business machines, not to exceed a cost of \$5,000.00. This would be a total cost of \$18,996.80 (\$13,996.80 rent + NTE \$5,000 equipment and furnishings).

This option provides the additional space required for project activities without impeding or disrupting VCERA administration and operations.

I would be happy to answer any questions you may have.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*

Attachments

#### FOURTH AMENDMENT OF LEASE

This Fourth Amendment of Lease is made on August 28, 2012, between M. F. Daily Corporation, as authorized agent for the Landlord ("Landlord"), whose address is P. O. Box 151, Camarillo, California 93011-0151, and Ventura County Employees' Retirement Association ("Tenant"), whose address is 1190 South Victoria Avenue, Suite 200, Ventura, California 93003, who agree as follows:

1. Recitals. This Fourth Amendment of Lease is made with reference to the following facts and objectives:

a. Landlord and Tenant entered into a written lease dated December 4, 2001, First Extension of Lease dated February 28, 2007, Second Extension of Lease dated December 15, 2009, One Month Lease Extension dated January 26, 2011 and Third Extension and Amendment of Lease dated March 29, 2011 ("the Lease"), in which Landlord leased to Tenant, and Tenant leased from Landlord, premises located in the City of Ventura, County of Ventura, California, commonly known as 1190 South Victoria Building ("Premises").

b. Tenant desires to expand into Suite 106 with a Lease term of three years with rental terms different than the existing terms for Suite 200.

2. Monthly Rent. Commencing October 1, 2012, the monthly rent for Suite 106 shall be \$1.60, full service gross, per rentable square foot and shall be payable pursuant to the provisions of the Lease.

- Suite 106 (972 RSF) \$1,555.20 per month

3. Rental Escalations. The monthly rental rate shall be increased annually by the Consumer Price Index ("CPI") (Anaheim, Long Beach, and Riverside index) with a floor of zero (0) and maximum increase of three percent (3%).

4. Option to Extend. Tenant shall have two (2), one (1) year options to extend the Lease. Tenant shall provide no less than six (6) months and no more than eight (8) months prior written notice to Landlord of its intention to extend the Lease. The rent for the option periods shall be equal to 95% of the then Fair Market Value ("FMV") in comparable buildings in the City of Ventura for renewal transactions. If Tenant and Landlord cannot agree upon the renewal terms and conditions, the three (3) appraiser system will be implemented.

5. Tenant Improvements. Landlord shall deliver the space in "as is" condition (Exhibit "A").

6. Parking. As a consideration for the Expansion Premises, Lessee's existing parking shall increase based on the Expansion Premises at a ratio of approximately four (4) spaces per 1,000 usable square feet for the term of the Lease and any extensions. Landlord shall allot an additional one (1) covered parking spaces in the basement of the building for the exclusive use of Tenant and its visitors.

7. Signage. Landlord, at Landlord's sole cost, shall provide Tenant building standard door signage and building directory signage for the Expansion Premises.

8. Effectiveness of Lease. Except as set forth in this Fourth Amendment of Lease, all the provisions of the Lease and previous amendments thereto shall remain unchanged and in full force and effect.

TENANT

LANDLORD

VENTURA COUNTY EMPLOYEE'S  
RETIREMENT ASSOCIATION

M. F. DAILY CORPORATION,  
Authorized Agent

By: \_\_\_\_\_

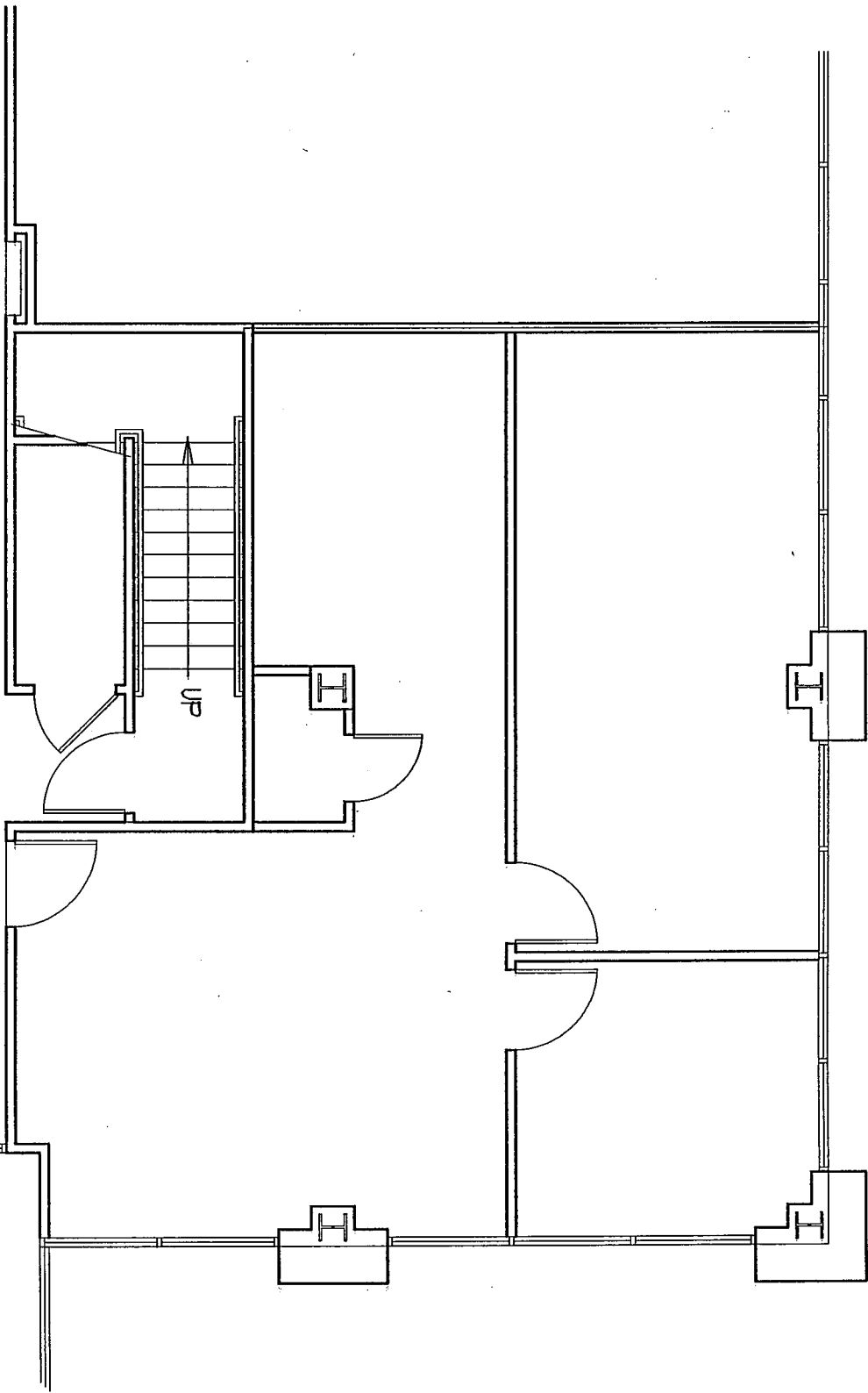
By: \_\_\_\_\_  
Milton F. Daily, Jr.

Its: \_\_\_\_\_

Its: President

Dated: \_\_\_\_\_

Exhibit "A"



NORTH

SUITE #106

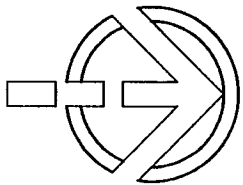
472 R.S.F.  
864 U.S.F.

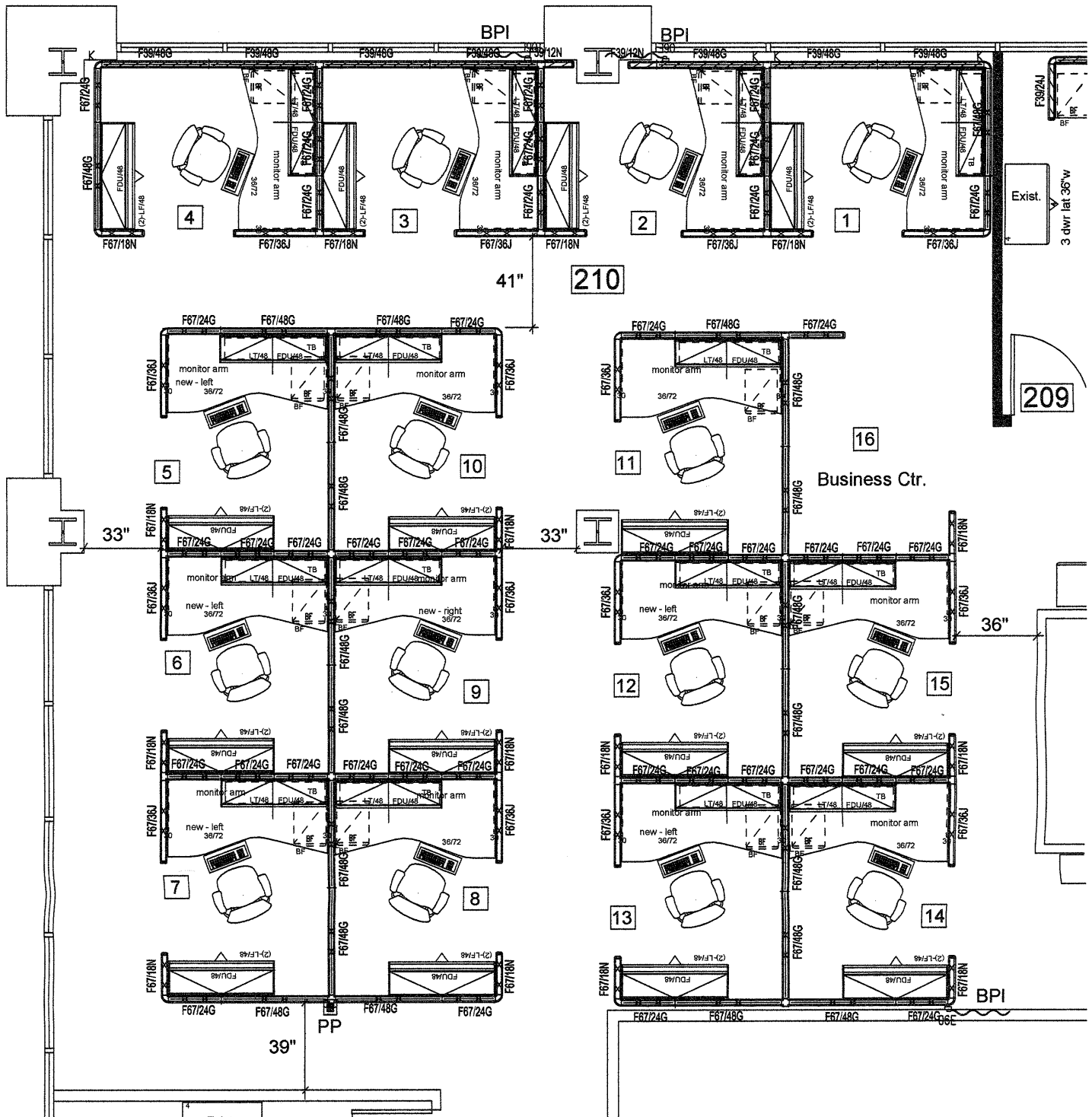
CORRIDOR

1190 S. VICTORIA AVENUE

SCALE: N.T.S.

JULY 19, 2012





# NEW SCHEMATIC FURNITURE PLAN (15) 6'x8' workstations

